



Office:
6023 Winans Dr.
Brighton, MI 48116

Generating Renewable Energy
Since 1984
810-599-7741 • vleabu@sbcglobal.net

Dam Site:
2250 White's Bridge Rd.
Belding, MI 48809

March 24, 2014

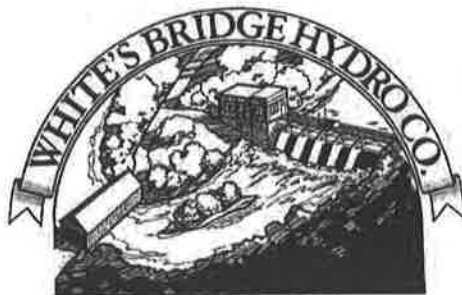
To Whom it may Concern,

I am Victor Leabu, owner of White's Bridge Hydro Company. We are a small hydro electric dam on the Flat River in Ionia County generating enough electricity to provide for approximately 500 homes. Hydro electric facilities are one of the oldest and most abundant sources of renewal energy. Of course, historically they did not refer to hydro as a renewable energy source, as we do today. They considered it as baseload electricity. (In Canada they refer to electricity as "hydro").

We have one of the early PURPA contracts for renewable energy (1984). The original PURPA contracts worked well for small sources of distributed renewable energy, and encouraged the rehabilitation of thousands of abandoned hydro electric dams around the country. Our dam was one of those abandoned dams with no portage, no maintenance, no pond level control and no "run of the river" operation. PURPA contracts started with hydro, and moved into bio-gas and land fill gas. I consider the PURPA contract holders as the pioneers in Michigan's renewable energy portfolio.

After 30 years of a slow increase in the energy component of our contract, our current rate is approximately \$75MWH. These rates are in line with the Michigan levelized cost of renewables in their REP. Actually, if the PTC is factored in, we are \$20MWH less. As you probably know, the cost of new coal is approximately \$130MWH and new gas approximately \$100MWH.

As the State moves forward with an energy policy, it would seem fair to give consideration to the existing PURPA contract holders for small hydro, bio-gas, and landfill gas, whose contracts will be expiring in the near future. They are all "Distributed Energy" facilities which are already connected to the grid, and require no additional transmission costs. They are also baseload.



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As these PURPA contracts expire and the facilities are forced to sell into the wholesale MISO system, economics may force financial hardship and/or the shut down of these energy producers. Renewal of existing contracts that provide for certainty and viability are in question. I believe it would be wrong, wasteful, and economically devastating to punish the pioneers of Michigan renewable energy production by not including provisions for equitable contract extensions for these facilities.

If the State wishes to move forward with a plan for a diversified portfolio of distributed renewable energy, there must be rates that give an economic certainty for energy purchase. If not, small hydro, bio-gas, and landfill gas will not be able to compete with big wind. A diversified energy mix, including renewables, is a wise choice for Michigan's energy future.

Sincerely,

Victor D. Leabu
President

VL/mgq